

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

DFA5028 – FINANCIAL ACCOUNTING 2

(For Diploma Students Only)

04 JUNE 2018

9.00 a.m. – 12.00 p.m.

(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 6 pages with 4 questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

QUESTION 1

Crumble Cottage Berhad is a company that supply cake's flour to all retailers in Melaka. Each bag of cake's flour weighted at 10 kilograms (10 kg). Crumble Cottage's inventory had a total cost of RM45,000 which consisted of 2,500 bags of flour. The selling price for each bag of flour is RM23. Following are the merchandising transactions occurred during the month of March 2018:

March 2	Sold 480 bags of flour to Fluffy Bun Enterprise on credit terms 2/20, net 45, FOB destination. The appropriate party made cash payment of RM99 for freight charges on this date.
5	Purchased 800 bags of cakes flour for RM17 each bag from Tepung Berhad, credit terms 3/10, n/30, FOB destination.
10	Returned 20% of the damaged flour to Tepung Berhad which purchased on 5 th March 2018.
12	Received three quarter of cash payment from Fluffy Bun Enterprise.
14	Paid the amount owed to Tepung Berhad in full.
18	Received 20 bags of damaged flour from Fluffy Bun Enterprise (cost is RM360).
21	Sold 1,000 bags of flour to Breadie Café for RM25,000, terms 5/10, n/30, FOB shipping point. The cost of the flour is RM18,000.
23	Received payment in full from Fluffy Bun Enterprise for remaining balance.
25	Granted an allowance of RM234 to Breadie Café for wrongly send different type of cake flour.
29	Purchased 50 bags of cakes flour of RM19 each, on credit from Icing World Berhad, FOB shipping point.
30	Paid freight charges of RM200 to shipping company.
31	Received payment in full from Breadie Café by cheque.
	Paid 85% from total purchase to Icing World Berhad which purchased on 29 th March 2018.

Instructions:

- (a) Journalise the above transactions using the perpetual inventory system. (18 Marks)
- (b) Prepare the T-account for merchandise inventory. (5 Marks)
- (c) What are the advantages of perpetual inventory system? (2 Marks)

[TOTAL 25 MARKS]**Continued...**

QUESTION 2

Palm Garden Golf Club is one of the famous golf club in Melaka. The club runs a café where refreshments and snacks are sell for the convenience of its members. Given below is the summary of receipts and payments account prepared by the club's treasurer for the year ended 31 December 2017.

Receipt and Payment Account for the year ended 31 December 2017

Receipts:	(RM)	Payments:	(RM)
Balance b/f	10,200	Purchase of refreshment supplies	8,430
Subscription received	65,700	Rental expenses	9,500
Sales of refreshment	34,650	Salary and wages expenses	40,800
Profit from tournament	6,800	Utility expenses	6,250
Profit from showcase	1,550	Purchase of office furniture	20,500
Sale of office furniture	690	Repair and maintenance expenses	1,940
		Balance c/f	32,170
	<u>119,590</u>		<u>119,590</u>

Additional information:

1.

	31 December 2016 (RM)	31 December 2017 (RM)
Refreshment inventory	1,250	980
Subscription owing	2,600	2,100
Accrued rental expenses	3,700	1,900
Prepaid utility expenses	760	1,380

2. Included in the salary and wages expenses is RM5,450 to be charged to refreshment trading account.
3. On 1 January 2017 the club's office furniture was valued at RM40,200. Included in this figure, a value of RM850 office furniture that was sold during the year for RM690.
4. The amount to be charged for depreciation of office furniture for the year is RM4,500.

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Instructions:

- (a) Prepare the Statement of Affairs as at 31 December 2016. (4 Marks)
- (b) Prepare the Refreshment Trading Account for year ended 31 December 2017. (4 Marks)
- (c) Prepare the ledger for accrual and prepayment accounts. (6 Marks)
- (d) Prepare the Income and Expenditure Account for the year ended 31 December 2017. (5.5 Marks)
- (e) Prepare the Statement of Financial Position as at 31 December 2017. (5.5 Marks)

[TOTAL 25 MARKS]**QUESTION 3****Part A**

Herxana Berhad set up their company on 1st January 2017. The company had Account Receivables of RM35,000 and Allowance for Doubtful Accounts of RM6,300. Herxana Berhad prepares financial statements annually. The following are selected transactions related to the company:

Feb 5	Sold RM7,200 of merchandise to Groupie Enterprise , terms n/30.
28	Received a RM7,200, 3 months, 5% promissory note from Groupie Enterprise for the balance due.
Mar 4	Sold RM10,200 of merchandise to Minky Berhad and accepted Minky Berhad's RM10,200, 5 months, 8% note for the amount due.
April 13	Sold RM4,800 of merchandise to Perniagaan Prontier and the company give RM4,800, 1 month, 4% note for the balance due.
May 5	Received full payment from Groupie Enterprise.
13	Perniagaan Prontier dishonors its note of April 13. It is expected that Perniagaan Prontier will eventually pay the amount owed.
August 4	Minky Berhad only manage to settle their amount due up to RM10,000 only and the remaining balance of RM200 was deemed to be uncollectible and is written off as a bad debt.

Instruction:

Journalise the transactions listed above. (10 Marks)

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Part B

Homegrow Bhd uses straight line method of depreciation for their company. The company's accounting period ended at 31 December each year. On 30 September 2014, Homegrow Bhd acquired motor vehicle costing RM135,000. The motor vehicle is expected to have 10 years of useful life. The salvage value is estimated to be RM6,000 at the end of the asset's useful life. As at 1 March 2017, Homegrow Bhd sold their motor vehicle for RM100,000.

Instructions:

- (a) Compute the amount of accumulated depreciation until the date of disposal. Provide your answer in table form. (6 Marks)
- (b) Prepare journal entries for the year 2017 to record the depreciation expenses and sale of motor vehicle. Provide workings on gain or loss on the disposal. (5 Marks)

Part C

Give **TWO (2)** comparisons between Limited-life and Indefinite-life intangibles of assets.

(4 Marks)

[TOTAL 25 MARKS]

QUESTION 4**Part A**

The following information is available for Millennium Company for the year ended 31 December 2017:

	RM
Collection of principal on long-term loan to a supplier	35,000
Acquisition of equipment for cash	10,000
Purchase of land by issuing bonds payable	340,000
Proceeds from the sale of long-term investment at book value	27,000
Issuance of common stock for cash	20,000
Depreciation expense	25,000
Redemption of bonds payable at carrying (book) value	24,000
Payment of cash dividends	9,000
Net income	30,000

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In addition, the following information is extracted from the comparative Statement of Financial Position for Millennium Company at the end of 2016 and 2017:

	2017 (RM)	2016 (RM)
Cash	102,000	14,000
Accounts receivable (net)	20,000	15,000
Prepaid insurance	17,000	13,000
Total current assets	<u>RM139,000</u>	<u>RM42,000</u>
Accounts payable	25,000	19,000
Salaries payable	4,000	7,000
Total current liabilities	<u>RM29,000</u>	<u>RM26,000</u>

Instruction:

Prepare a Statement of Cash Flows for the year ended 31 December 2017, using the indirect method. (10 Marks)

Part B

Given below is the Statement of Comprehensive Income for Tropicana Food Company.

Tropicana Food Company		
Statement of Comprehensive Income for the year ended 31 December 2017		
	(RM)	(RM)
Sales		8,000,000
(-) Cost of goods sold		5,400,000
Gross profit		2,600,000
Operating expenses:		
Selling expenses	500,000	
Administrative expenses	700,000	
Depreciation expenses	90,000	
Amortization expenses	30,000	1,320,000
Net income		1,280,000

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Additional information:

1. Accounts receivable increased by RM400,000 during the year.
2. Inventory increased by RM250,000 during the year.
3. Prepaid expenses increased by RM200,000 during the year.
4. Accounts payable to merchandise suppliers increased by RM100,000 during the year.
5. Accrued expenses payable increased by RM180,000 during the year.

Instructions:

- (a) Prepare the operating activities section of the Statement of Cash Flows for the year ended 31 December 2017, using the direct method. (4 Marks)
- (b) Shows all your working for the following items:
 - i. Cash receipt from customers
 - ii. Cash payment to suppliers
 - iii. Cash payment for operating expenses (4 Marks)

Part C

- (a) Briefly explain the **FOUR (4)** advantages of preparing Statement of Cash Flows. (4 Marks)
- (b) Identify **THREE (3)** common adjustments to convert net income from accrual basis to cash basis. (3 Marks)

[TOTAL 25 MARKS]

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